THE
MANITOBA CIVIL SERVICE
SUPERANNUATION FUND

FORTY-FIFTH
ANNUAL REPORT

For the year ended December 31, 1983

85-3705/

NOTICE TO PARTICIPANTS

Information about the Superannuation Plan is given in a pamphlet titled "Your Superannuation Plan" and dated July, 1977.

You are invited to ask the office of the Superannuation Board, at any time, for information about your membership in the Fund.

If you want to visit the Board Office, it would be appreciated if you would first telephone or write for an appointment so that we may get the information you want ready for your visit.

When communicating with the Board Office, please give:

1. Your name, and your employee number which is shown on your salary cheque stub.

2. The name of your employer—that is, Civil Service, Telephone System, Manitoba Hydro, etc.

3. The subject you want to discuss, so that you can be referred to the appropriate staff member.

4. The date of birth of your wife or husband, if you want estimates of retirement pensions that continue to your beneficiary after your death.

The telephone number of the Board is 233-8722 and the mailing address is:

Civil Service Superannuation Board,
600 - 400 Tache Avenue,
(opposite St. Boniface Hospital)
Winnipeg, Manitoba.
R2H 3C3

Under the Pension Benefits Act you may visit our office at any time during business hours to examine the Civil Service Superannuation Act, any amendments thereto, the annual information return, an abstract of the actuarial valuation and latest financial statements. Also you or your duly authorized agent may visit the Pension Commission concerning the Civil Service Superannuation Fund.

FORTY-FIFTH ANNUAL REPORT
OF THE
CIVIL SERVICE SUPERANNUATION BOARD

May 7, 1984

To the Honourable Victor Schroeder
Minister Responsible for the
Administration of The Civil
Service Superannuation Act.

We submit the Forty-fifth Annual Report of the Civil Service Superannuation Board for the year ended December 31, 1983.

HIGHLIGHTS OF 1983:

	1983	1982
Book Value of Investments	$430,351,162	$364,944,601
Investment Income	$45,905,378	$39,952,121
Yield on Investments	12.0%	12.3%
Employee Contributions	$38,093,901	$34,529,979
Employer Payments	$15,082,945	$11,780,107
Pension Payments, etc.	$29,108,227	$22,903,772
Refund of Contributions and Interest	$3,019,347	$3,310,278
General Expenses	$662,510	$595,875
Participants in Fund	25,222	25,240
Pensioners and Other Recipients	4,974	4,405
Terminated Employees with Vested Benefits	339	341

Pension Benefits

During the year covered by this report, pensions and instalment refunds paid totalled $29,108,227, a net increase of $6,204,455 (27.1%) over 1982. There were 4,974 persons receiving pensions or contributions and interest in monthly instalments at December 31, 1983 as compared to 4,405 persons one year earlier. At December 31, 1983 there were:

1. 4,299 pensioners, 646 new retirements and 150 deaths for a net increase of 496 for the year;
2. 375 deceased pensioners' beneficiaries receiving pensions;
3. 297 spouses receiving the automatic pension payable to the spouse of an employee who dies with more than 10 years of service;
4. 3 deceased employees' spouses receiving contributions and interest in monthly instalments.

Of the 484 new male pensioners, 71 retired at the normal retirement age of 65 or later, 398 retired voluntarily before age 65, and 15 who were under age 60 were granted disability retirement. (For an employee who is age 60 or over, the pension for disability retirement is the same as for early retirement. The disabled employee who is over age 60 therefore applies for early retirement.)

Of the 162 new female pensioners, 23 retired at age 65 or later, 134 retired voluntarily before age 65, and 5 who were under age 60 were granted disability retirement.

New 1983 pensioners include 20 former employees with vested benefits who commenced receiving their pensions during the year.

Integration with the Old Age Security Pension was selected by 345 male pensioners (84%) and 115 female pensioners (83%) who retired before age 65.

Integration with the Canada Pension was selected by 298 male pensioners (72%) and 84 female pensioners (60%) who retired before age 65.

Employees retiring during 1983 elected the following pension options:

	Females	Males	Total
Pension reducing to one-half at pensioner's death	4	188	192
Pension reducing to two-thirds at pensioner's death	5	135	140
Ten-year guaranteed pension	20	34	54
Lifetime pension*	129	118	247
Other	4	9	13
	162	484	646

*Note: The majority of the pensioners who elected the lifetime pension were either single or had small pensions due to short service.

There were also 55 employees who reached age 65 during 1983 and who continued to work into 1984. In addition, there were 29 employees who reached age 65 in 1982 but who are still employed as at December 31, 1983 resulting in a total of 93 employees working beyond age 65 as at December 31, 1983. 16 employees who worked past age 65 for short periods and retired in 1983 are included in the above total of 1983 normal retirements.

As at December 31, 1983, 93 employees were continuing to work past age 65 as follows:

Year of 65th Birthdate	Number of Employees Working Past Age 65
1983	55
1982	29
1981	7
1980	1
1978	1
Total	93

1983 Early Retirement Incentives (Window)

At the 1983 Session of the Manitoba Legislature The Civil Service Special Supplementary Severance Benefit Act was passed to create an incentive for voluntary early retirement.

For those employees who were age 55 and older as at June 30, 1983, the Government eliminated the early retirement penalty, improved the formula used to calculate benefits by using an average salary based on the best 6 instead of the best 7 of the last 12 years, and reduced the qualifying service for early retirement from 10 to 2 years.

As a result of these early retirement incentives, of approximately 3,100 eligible employees, there were 488 employees who took advantage of the program and retired from February 28, 1983 to June 30, 1983.

The Government of Manitoba and the other participating employers are responsible for the total cost of additional pension benefits for retirements during the "window" period as well as additional administrative costs incurred as outlined in note 4 of the audited financial statements.

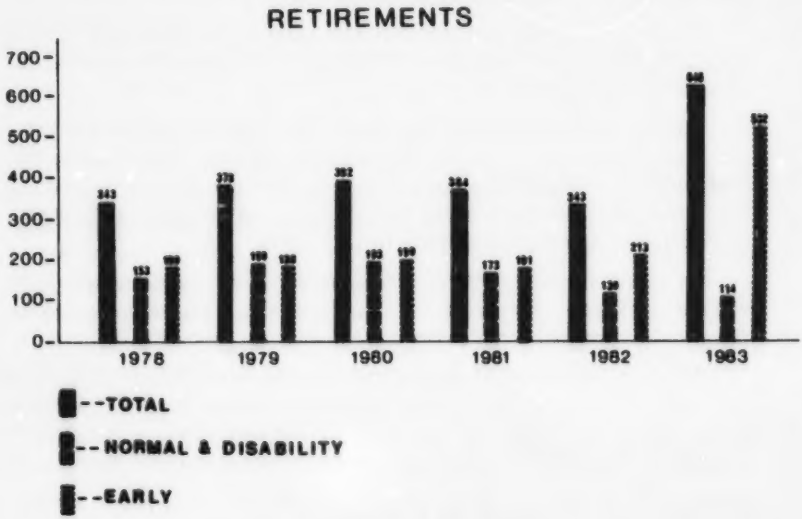
Cost-of-Living Adjustment in Pensions

Effective July 1, 1983 a cost-of-living adjustment was paid to eligible pensioners and to beneficiaries receiving pensions in respect of deceased pensioners who retired before July 1, 1982. The adjustment was limited to the extent that the amount in the separate Superannuation Indexing Adjustment Account was actuarially able to finance one-half of each increase. (See Exhibit D and Note 1(e) of the audited financial statements.)

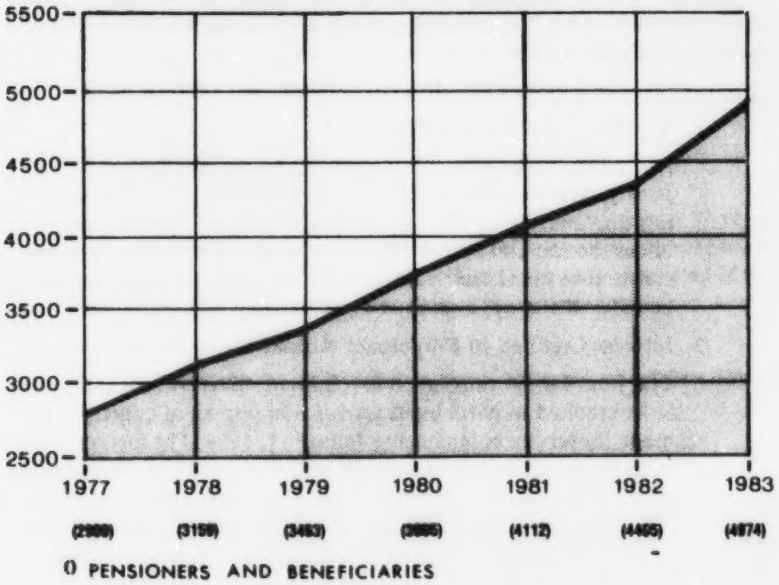
The cost-of-living increase is related to service and the amount of pension received and was equal to 71¢ a month for each year of pensionable service to a maximum of 35 years plus 3.88% of the ordinary lifetime pension plus accumulated cost-of-living increases to date.

Employee contributions were increased from 6% to 7% on July 1, 1977 to finance half of the indexing program. The indexing of pensions is limited to the extent that 10.2% of annual gross employee contributions allocated to a separate account in the prior year will actuarially finance one-half of each increase reflecting all or part of the change in the Consumer Price Index during the prior year. Also a 1982 amendment approved the additional transfer of $1,565,600 to the Superannuation Indexing Adjustment Account on December 31, 1982 to provide pensioners with increased cost-of-living adjustments effective July 1, 1983.

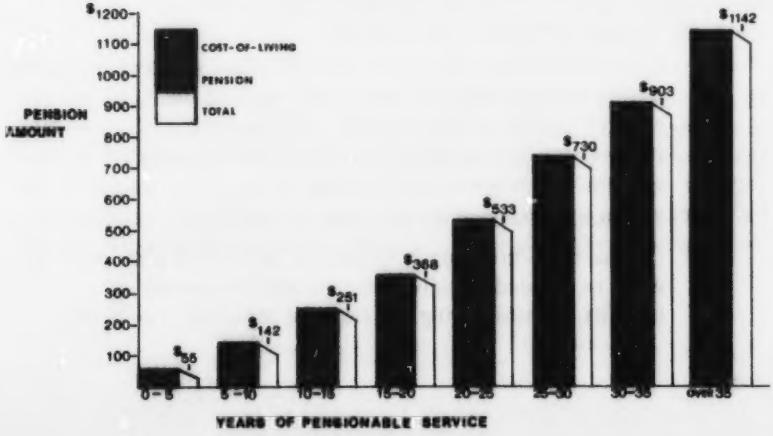
SIX-YEAR COMPARISON



PENSIONERS AND OTHER RECIPIENTS



PENSIONER AVERAGE PENSION AND COST-OF-LIVING ACCORDING TO SERVICE



Pension Reform

At the 1983 Session of the Manitoba Legislature, amendments to The Pension Benefits Act were passed that will affect the Civil Service Superannuation Fund as follows:

Changes to The Pension Benefits Act effective January 1, 1984:

1. Eligibility and Participation

   All full-time regular employees must participate. Part-time, temporary, seasonal and casual employees must participate after earning one-quarter of the yearly maximum pensionable earnings under the Canada Pension Plan ($18,500 in 1983) in each of two consecutive numerical years; and in any event, all employees must be offered the opportunity to participate.

2. Interest Credited to Participant Accounts

   The Board must calculate a much higher interest rate each year to be credited to participant accounts in respect of contributions made for service commencing January 1, 1984. The method used to calculate the interest rate must be consistent from year to year and is subject to the approval of the Superintendent of Pensions. There will be no change to the rate of interest credited in respect to contributions made for service prior to January 1, 1984.

3. Right to Transfer Commuted Value of Pension Credits

   Employees who at termination are eligible for vesting may, as an alternative, transfer the commuted value of the benefits in respect of service commencing January 1, 1984, to a locked-in R.R.S.P. or to a new employer's pension plan.

4. Spouse's Benefit At Retirement

   Employees who at the time of retirement have a spouse must select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory pension option may be waived if the employee's spouse completes a spousal waiver form.

5. Division of Pension on Marriage Break-Up

   On marriage break-up (includes common-law) pension credits must be divided equally based on the commuted value of the benefits accrued during the time the marriage was in effect.

6. Temporary Suspension, Leave of Absence, Lay-Offs

   Temporary suspension, leave of absence or lay-offs, subject to a maximum of 52 weeks, will count as continuity of employment, but will not be used in calculating the amount of any benefit in respect of service after January 1, 1984.

Changes to The Pension Benefits Act effective January 1, 1985:

7. Earlier Protection of Pension Rights

   Employees who terminate with 5 or more years' service (2 years after 1990) are subject to 100% compulsory vesting in respect of service after January 1, 1985. Refunds are only permitted if the value of the pension is less than $25 per month.

8. No Discrimination Based on Sex

   Unisex tables must be used in the calculation of all benefits.

9. Pre-Retirement Death Benefit

   Where an employee having 5 or more years of service dies prior to the commencement of pension payments, a benefit of not less than the commuted value of the pension generated as a result of service after January 1, 1985 must be paid in the form of a life-time pension to the spouse or dependents, or as a lump sum refund, if there is no spouse or dependents.

10. 50% Test

    If the accumulated employee contributions for the non-indexed portion of the benefit after January 1, 1985 have a value in excess of 50% of the commuted value of the benefits, the excess must be refunded to the employee or used to provide additional benefits.

The Board instructed its Actuary to calculate the financial effect of making these Pension Reform changes to The Civil Service Superannuation Act. The Actuary's report was based on data and assumptions used in his interim actuarial valuation of the Fund as at December 31, 1982 (see page 16). This report indicated that adoption of these changes would increase the liabilities of the Fund by $45,184,900 for present employees.

Refunds

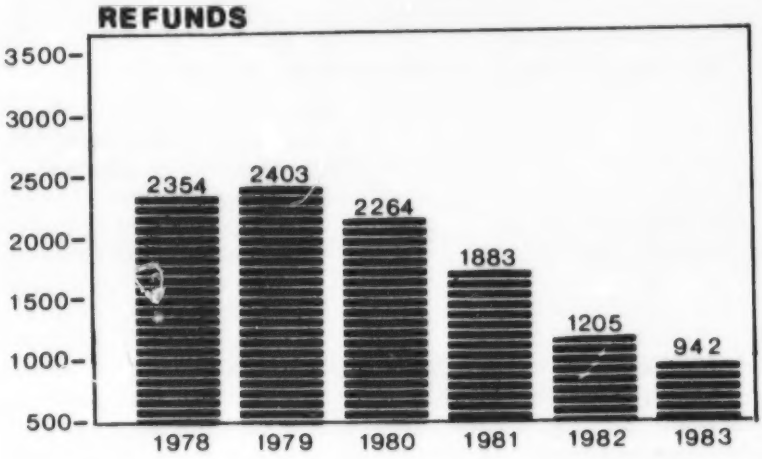
There were 919 employees who resigned and received refunds of contributions and interest amounting to $2,737, 834. The estates of 23 employees who died received refunds of contributions and interest amounting to $163,734. These refunds are divided as follows:

	Employees	Contributions Refunded	Interest Refunded
Alcoholism Foundation of Manitoba	13	$ 21,584	$ 787
Civil Service Superannuation Board	1	5,634	309
Housing Authorities	4	4,078	148
Legal Aid Manitoba	2	1,704	29
Liquor Control Commission	4	24,065	2,242
Manitoba Agricultural Credit Corporation	2	14,510	1,593
Manitoba Beef Commission	2	348	2
Manitoba Centennial Centre Corporation	3	3,722	116
Manitoba Civil Service	539	1,426,126	116,463
Manitoba Crop Insurance Corporation	1	5,304	651
Manitoba Data Services	13	37,980	2,852
Manitoba Government Employees' Assoc.	1	246	1
Manitoba Health Services Commission	27	64,870	5,387
Manitoba Hog Producers' Marketing Board	1	5,683	666
Manitoba Housing and Renewal Corporation	5	10,673	896
Manitoba Hydro-Electric Board	91	308,673	37,025
Manitoba Public Insurance Corporation	48	154,878	12,708
Manitoba Racing Commission	1	2,702	56
Manitoba Research Council	1	5,312	503
Manitoba Telephone System	128	418,698	48,821
Manitoba Turkey Producers' Marketing Board	1	4,859	381
Deferred Pension Accounts	17	97,173	22,687
Reciprocal Agreements	34*	14,305	1,522
Manitoba Reciprocal Agreements	3	10,629	1,967
	942	$2,643,756	$257,812

*Includes 3 employees who received refunds of the excess contributions in their accounts after required contributions were transferred under reciprocal agreement to provide equivalent pensionable service in other public service pension plans.

There were also other refunds to the estates of deceased pensioners, etc., amounting to $117,779 during 1983.

SIX-YEAR COMPARISON



Reciprocal Agreements

Reciprocal agreements permitting the transfer of pension credits between the Civil Service Superannuation Board and the following pension plan authorities were in effect on December 31, 1983:

Government of Canada — Treasury Board
The Province of British Columbia — Superannuation Commissioner
The Province of Alberta — Public Service Pension Board
The Province of Alberta — Public Service Management Pension Board
The Province of Alberta — Local Authorities Pension Board
The Province of Saskatchewan — Public Service Superannuation Board (Old Plan)
The Province of Saskatchewan — The Public Employees Superannuation Plan Supervisory Board (Money Purchase Plan)
The Province of Ontario — Minister of Government Services
The Province of New Brunswick — Minister of Finance
The Province of Newfoundland — Minister of Finance
The Province of Prince Edward Island — Minister of Finance
Canadian Broadcasting Corporation
Canadian National Railways
Canadian Mortgage and Housing Corporation
City of Regina
The Council of Maritime Premiers
Hy-Line Credit Union
Ontario Hydro

Ontario Municipal Employees Retirement Board
(a) Ontario Municipalities
(b) Ontario Council of Regents for the Colleges of Applied Arts and Technology
Saskatchewan Power Corporation Superannuation Board

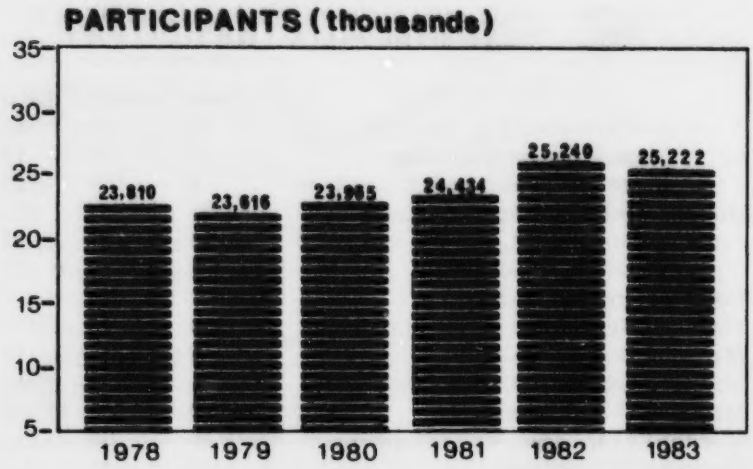
	Transfers to Manitoba		Transfers from Manitoba	
	Number	Amount	Number	Amount
Government of Canada	24	$255,332	13	$129,759
Provincial Public Service				
Alberta	9	41,857	5	35,947
British Columbia	1	4,782	—	—
Newfoundland	—	—	1	27,152
Ontario	2	17,665	—	—
Saskatchewan (New Plan)	11	103,357	12	165,869
O.M.E.R.S.	1	5,014	—	—
1983 Totals	48	$428,007	31	$358,727
1982 Totals	31	$289,620	44	$482,352

Participants

The number of participants in the pension plan decreased by 18 and was divided as follows at December 31, 1983:

	Males	Females	Total
Alcoholism Foundation of Manitoba	82	83	165
Civil Service Superannuation Board	7	12	19
Communities Economic Development Fund	8	7	15
Housing Authorities	72	53	125
Legal Aid Manitoba	23	50	73
Liquor Control Commission	338	89	427
Local Government Districts	1	—	1
Manitoba Agricultural Credit Corporation	33	18	51
Manitoba Beef Commission	5	13	18
Manitoba Centennial Centre Corporation	41	26	67
Manitoba Civil Service	8,199	5,733	13,932
Manitoba Crop Insurance Corporation	39	42	81
Manitoba Data Services	97	86	183
Manitoba Development Corporation	4	1	5
Manitoba Government Employees' Association	21	13	34
Manitoba Health Services Commission	184	468	652
Manitoba Hog Producers' Marketing Board	19	11	30
Manitoba Horse Racing Commission	5	3	8
Manitoba Housing & Renewal Corporation	83	73	156
Manitoba Hydro-Electric Board	3,070	517	3,587
Manitoba Lotteries and Gaming Control Commission	6	4	10
Manitoba Milk Producers' Marketing Board	9	5	14
Manitoba Public Insurance Corporation	492	405	897
Manitoba Research Council	21	10	31
Manitoba Telephone System	2,422	1,742	4,164
Manitoba Turkey Producers' Marketing Board	2	4	6
Manitoba Water Services Board	15	1	16
Milk Prices Review Commission	—	1	1
Teachers' Retirement Allowances Fund Board	4	9	13
Universities Grants Commission	2	2	4
Deferred Pension Accounts	209	130	339
Pending Reciprocal Agreements	14	7	21
Manitoba Reciprocal Agreements	55	22	77
	15,582	9,640	25,222

SIX-YEAR COMPARISON



Amendments to Superannuation Act

The Civil Service Superannuation Act was amended at the 1983 session of the Legislature to provide an improvement in the average earnings used in the pension formula. Commencing July 1, 1983, pensions for new retirements were improved from the average of the highest 7 years earnings of the final 12 years to 83% of the average of the highest 7 years earnings of the final 12 years plus 17% of the average of the highest 6 years earnings of the final 12 years. Consistent with prior benefit improvements, commencing July 1, 1983, pensioners and beneficiaries in receipt of Superannuation Fund pensions received pension increases to reflect the improved pension formula as well.

Information and Counselling Services

During 1983 the Superannuation Board conducted 30 Information Seminars on Superannuation and Group Insurance benefits covering topics such as eligibility, entitlement to benefits, family protection, disability, death, etc., for employees of the government and its related boards, commissions and agencies in major centres throughout Manitoba.

The Board also conducted 20 one day Pre-Retirement Planning Seminars for approximately 500 employees and spouses in major centres of the Province such as Winnipeg, Brandon, Portage la Prairie, Dauphin, Thompson and The Pas. During these seminars, topics such as benefits

(pension and group insurance) awareness and planning, Old Age Security Pension, Canada Pension Plan, Unemployment Insurance benefits, Blue Cross and estate planning are discussed, as well as subjects related to making the transition to a retirement lifestyle such as the use of leisure time, health, alternate lifestyles, etc. The presentation also includes several films and an information package including a Retirement Planning guide that is prepared and printed in house.

The Board also participated in the development of a survey conducted by the Civil Service Commission to determine the effect of the information and counselling service for those employees who retired during the early retirement incentive program. Most employees surveyed indicated that the information was very useful in formulating retirement plans and provided factual knowledge that was helpful in assisting them to implement plans and make knowledgeable decisions concerning benefits in advance of retirement.

As well as providing employees with their annual benefit statement with information on employee status, current and projected benefit entitlement, the Board also produced several articles of interest which were printed in various employee/er newsletters.

Investments

The Fund's total assets were approximately $443 million as at December 31, 1983, an increase of 18.1% over 1982. Investment income increased $5.9 million or 14.9%. The net yield on the total Fund for 1983 was 12.0% versus 12.3% in 1982.

The average yield on bond purchases of $35.4 million in 1983 was 12.5%. The average yield on new mortgage commitments of $27.5 million in 1983 was 12.9%. As at December 31, 1983, the Fund had outstanding mortgage commitments in the amount of $10.1 million at an average rate of 13.0%.

The Fund invested $20 million in pooled common stock funds managed by external investment managers.

Also commitments to direct oil and gas investments totalled $10.2 million while disbursements totalled $7.1 million. Of the total commitment, $2.4 million was committed through a wholly owned resource corporation, the Superannuation Resource Investment Corporation of Manitoba (incorporated under the Manitoba and Alberta Companies Act), to take advantage of the various incentive schemes for Canadian owned oil and gas firms. The remainder was committed through three external corporations, two of which are wholly owned by pension funds.

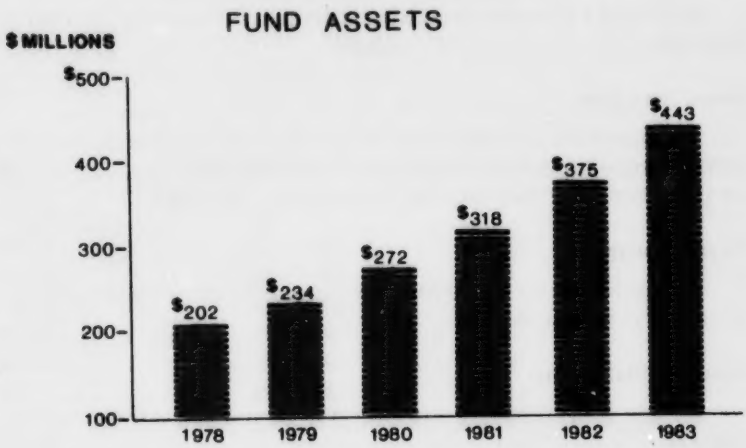
In the real estate field, the Fund committed $10 million and disbursed $6.5 million at rates of return in the first year of approximately 9-1/2%.

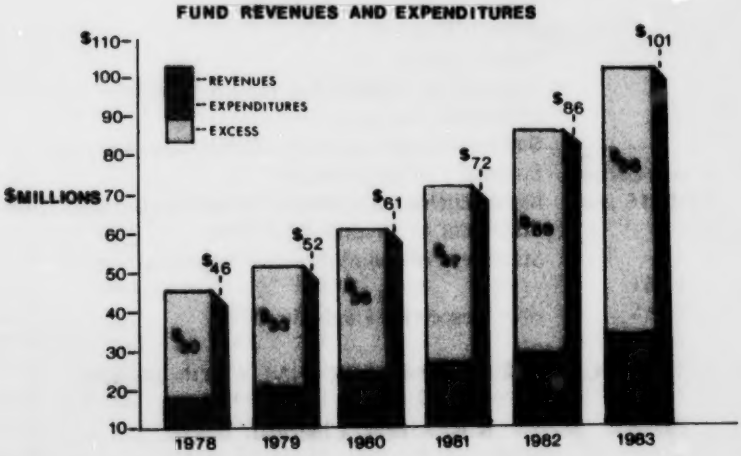
The Fund also committed $2 million to a venture capital fund established for the purpose of providing pension funds with a vehicle to invest in small and medium size corporations.

The following comparative table illustrates our investment holdings:

	1983 (000's)	1982 (000's)	Increase (Decrease) (000's)
Bonds & Debentures			
Federal & Provincial	$103,196	$ 94,648	$ 8,548
City & Municipal	13,685	12,651	1,034
Corporate	106,568	97,795	8,773
Sub-total — Bonds	223,449	205,094	18,355
NHA Mortgages	82,079	81,292	787
Other Mortgages	28,182	13,373	14,809
Pooled Fixed Income Funds	12,836	15,638	(2,802)
Mortgage REIT Units	974	974	—
Sub-total — Mortgages	124,071	111,277	12,794
Other			
Common Stock	31,983	11,229	20,754
Real Estate	18,717	11,972	6,745
Petroleum & Natural Gas Interests	8,412	1,997	6,415
Short-term Certificates	21,465	22,975	(1,510)
Venture Capital	1,464	400	1,064
Sub-total — Other	82,041	48,573	33,468
Total before adjustment accounts	429,561	$364,944	$64,617
Unamortized gains on disposition of fixed income investments	(177)		
Net unamortized gains on disposition of equity investments	(113)		
Unrealized appraisal adjustments	1,080		
	$430,351		

SIX-YEAR COMPARISON





Actuarial Valuation

The Board, acting on the request of the Liaison Committee and its employee elected representatives, instructed its Actuary to conduct an interim actuarial valuation as at December 31, 1982 in order to determine the financial position of the Fund before Pension Reform. The actuarial valuation disclosed an actuarial surplus of $63,705,176 as at December

31, 1982 less the cost of Pension Reform which was calculated to be $45,184,900, leaving a net surplus of $18,520,276.

The regular triennial actuarial valuation as at December 31, 1983 is in process.

Board Members

The Board acknowledges with respect and appreciation the dedication and contribution made to the Board by Dr. M.C. Kovacs, who served on the Board from July 20, 1981 to September 26, 1983.

Board Meetings

During the year the Board held 9 meetings and each of the Board committees held several meetings.

Attached Statements

We submit the following statements for the year ended December 31, 1983:

Changes in Status — Participants
Changes in Status — Pensioners
Auditor's Report:
Balance Sheet
Reserve for Present and Future Benefits
Investment Reserve
Superannuation Indexing Adjustment Account
Summary of Investments
Statement of Payments and Contributions
Statement of Investment Income
Statement of Administrative Expenses, net

Respectfully submitted,

THE CIVIL SERVICE SUPERANNUATION BOARD

R.E. Archer, Chairman

Members

C.E. Curtis
G.S. Eakin
C. Fordyce
M. Fraser
H.H. Meiklejohn
R.H. Tallin
J. Thompson

CHANGES IN STATUS — PARTICIPANTS

For the year ended December 31, 1983

Males

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1983
-19	25	1	—	—	27
20-24	190	45	—	—	698
25-29	160	53	—	—	1,790
30-34	130	72	4	—	2,596
35-39	97	58	3	—	2,686
40-44	57	42	3	—	2,052
45-49	44	28	5	1	1,769
50-54	29	6	5	5	1,751
55-59	25	11	9	187	1,277
60-	13	6	8	293	936
	770	322	37	486	15,582

Females

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1983
-19	18	4	—	—	31
20-24	216	138	—	—	1,334
25-29	179	190	—	—	2,152
30-34	148	127	2	—	1,743
35-39	111	62	—	1	1,221
40-44	66	32	2	—	905
45-49	45	19	—	—	718
50-54	32	11	3	—	712
55-59	17	4	—	60	470
60-	10	10	5	99	354
	842	597	12	160	9,640
Totals	1,612	919	49	646	25,222

CHANGES IN STATUS — PENSIONERS

For the year ended December 31, 1983

Males

Ages	Pensioners at Dec. 31, 1982	New Retirements	Deaths	Pensioners at Dec. 31, 1983
-59	215	219	2	365
60-64	473	165	17	592
65-69	859	100	28	895
70-74	559	—	28	587
75-79	297	—	18	310
80-84	120	—	18	134
85-89	54	—	12	48
90-	22	—	6	23
	2,599	484	129	2,954

Females

Ages	Pensioners at Dec. 31, 1982	New Retirements	Deaths	Pensioners at Dec. 31, 1983
-59	102	70	1	150
60-64	177	61	1	215
65-69	379	31	4	382
70-74	263	—	3	293
75-79	162	—	4	169
80-84	84	—	2	91
85-89	24	—	3	32
90-	13	—	3	13
	1,204	162	21	1,345
Totals	3,803	646	150	4,299

PROVINCE OF MANITOBA
PROVINCIAL AUDITOR

THE CIVIL SERVICE SUPERANNUATION FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to D and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1983. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 1 to the financial statements applied, except for the accounting policy changes as explained in Note 1(b)(vi) to the financial statements, on a basis consistent with that of the preceding year.

W.K. Ziprick, C.A.,
Provincial Auditor

May 2, 1984,
Winnipeg, Manitoba.

Exhibit A

THE CIVIL SERVICE SUPERANNUATION FUND

Balance Sheet as at December 31, 1983
(with 1982 figures for comparison)

	1983	1982
ASSETS		
Cash	$ 32,586	$ 1,115,338
Employees' and employers' contributions and payments receivable, Note 5	2,880,164	71,010
Investments, Schedule 1, Note 1(b)	430,351,162	364,944,601
Accrued investment income	8,043,691	7,392,214
Debt due from the Province of Manitoba, Note 1(c)	1,826,300	1,826,300
Furniture, fixtures and equipment, at nominal value, cost: 1983 - $50,530 1982 - $46,433	1	1
Computer equipment, Note 1(d) at cost less accumulated amortization: 1983 - $84,251 1982 - $63,800	38,467	47,840
Computer programs development expenses, Note 1(d) at cost less accumulated amortization: 1983 - $133,100 1982 - $127,420	1,413	7,094
	$443,173,784	$375,404,398
LIABILITIES		
Accounts payable	$ 17,103	$ 5,066
Unclaimed annuity plus interest	—	4,216
Investment reserve, Exhibit C, Note 1(b)(iv)	544,107	(140,893)
Superannuation indexing adjustment account, Exhibit D, Note 1(e)	26,570,911	20,877,390
Reserve for present and future benefits, Exhibit B	416,041,663	354,658,619
	$443,173,784	$375,404,398

Exhibit B

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Reserve for Present and Future Benefits for the year ended December 31, 1983 (with 1982 figures for comparison)

	1983	1982
Additions:		
Employers' and employees' payments and contributions, Schedule 2	$ 53,176,846	$ 46,310,086
Investment income, Schedule 3	45,801,095	39,004,199
Interest on debt due from the Province of Manitoba, Note 1(c)	73,052	73,052
Recovery under the Civil Service Special Supplementary Severance Benefit Act, Note 5	2,070,100	—
Bank and other interest	104,283	96,563
Total additions	101,225,376	85,483,900
Deductions:		
Superannuation and supplementary allowances	29,108,227	22,903,772
Refunds of contributions and interest	3,019,347	3,310,278
Payments of employee contributions to other pension plans	358,727	482,352
Administrative expenses, net, Schedule 4	662,510	595,875
	33,148,811	27,292,277
Transfers:		
Net transfer to Superannuation indexing adjustment account, Exhibit D	5,693,521	5,084,295
Transfer to investment reserve, Exhibit C, Note 1(b)(iv)	1,000,000	—
Total deductions	39,842,332	32,376,572
Net increase for the year	61,383,044	53,107,328
Balance at beginning of year	354,658,619	301,551,291
Balance at end of year, Exhibit A	$416,041,663	$354,658,619

Exhibit C

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Investment Reserve for the year ended December 31, 1983 (with 1982 figures for comparison)

	1983	1982
Additions:		
Transfer from the Reserve for present and future benefits, Exhibit B	$1,000,000	$ —
Transfer from investment income, Schedule 3	—	851,359
Total additions	1,000,000	851,359
Deductions:		
Net charge resulting from purchases, sales and redemptions	—	1,835,346
Write-down of permanently impaired investments	315,000	—
Total deductions	315,000	1,835,346
Net increase (decrease) for the year	685,000	(983,987)
Balance at beginning of year	(140,893)	843,094
Balance at end of year, Exhibit A	$ 544,107	$ (140,893)

Exhibit D

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Superannuation Indexing Adjustment Account for the year ended December 31, 1983 (with 1982 figures for comparison)

	1983	1982
Additions:		
Allocation of 10.2% of employees' contributions	$3,896,083	$3,432,320
Interest	2,728,585	2,076,623
Transfer of pensioners' excess interest surplus, Note 1(e)	1,767,400	1,565,600
Total additions	8,392,068	7,074,543
Deductions:		
Charge for one-half of all superannuation adjustments	2,698,547	1,990,248
Total deductions	2,698,547	1,990,248
Net transfer from reserve for present and future benefits, Exhibit B	5,693,521	5,084,295
Balance at beginning of year	20,877,390	15,793,095
Balance at end of year, Exhibit A	$26,570,911	$20,877,390

Schedule 1 (Page 1)

THE CIVIL SERVICE SUPERANNUATION FUND

Summary of Investments as at December 31, 1983

	Par Value	Book Value
Fixed Income Investments, Note 1(b)(i)		
Term deposits	$ 21,464,592	$ 21,464,592
Bonds and debentures		
Government of Canada	$ 47,035,000	45,048,663
Province of British Columbia	600,000	593,884
Province of Manitoba	31,083,000	30,849,766
Province of New Brunswick	1,430,000	1,438,815
Province of Newfoundland	645,000	643,260
Province of Nova Scotia	835,000	827,806
Province of Ontario	18,925,000	19,035,505
Province of Prince Edward Island	200,000	198,269
Province of Quebec	400,000	390,181
Province of Saskatchewan	4,175,000	4,170,197
Hospitals	4,888,750	4,888,750
Municipal Corporations	8,750,535	8,795,866
Corporations	107,836,633	107,705,586
Pooled bond funds	8,196,268	8,196,268
	$235,000,186	232,782,816
Mortgages		
Insured		
National Housing Act (Canada)	$ 88,356,276	82,079,425
Other	2,120,445	2,120,445
Uninsured	26,061,785	26,061,786
Pooled mortgage funds	5,613,712	5,613,712
	$122,152,219	115,875,368
Unamortized losses (gains) on disposition		(177,564)
Total fixed income investments at amortized cost		369,945,212

Schedule 1 (Page 2)

THE CIVIL SERVICE SUPERANNUATION FUND

Summary of Investments as at December 31, 1983

	Par Value	Book Value
Equity Investments, Notes 1(b)(ii) and (iii)		
Common stock		1,057,900
Pooled equity funds		
Canadian		5,639,094
Non-Canadian		25,285,883
Petroleum and natural gas investments		
Shares and pooled funds		6,080,100
Investment in subsidiary, Note 6		1,195,101
Venture capital, limited partnership		1,463,606
Real estate		
Participating bonds		13,411,482
Qualifying shares		2,010,000
Units of pooled real estate		3,295,460
Accumulated unrealized appraisal adjustments		1,080,201
Unamortized losses (gains) on disposition		(112,877)
Total equity investments		60,405,950
Total investments, Exhibit A		$430,351,162

Schedule 2

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Payments and Contributions for the year ended December 31, 1983

	Employers' payments and contributions	Employees' payments and contributions	Total
Province of Manitoba Civil Service	$ 7,551,350	$20,246,090	$27,797,440
Manitoba Telephone System	3,525,495	6,191,482	9,716,977
Manitoba Hydro-Electric Board	2,450,424	5,852,024	8,302,448
Liquor Control Commission	688,241	567,111	1,255,352
Manitoba Health Services Commission	267,248	871,046	1,138,294
Manitoba Public Insurance Corporation	49,592	1,192,140	1,241,733
Manitoba Agricultural Credit Corporation	32,602	90,818	123,419
Manitoba Crop Insurance Corporation	51,253	107,805	159,059
Manitoba Development Corporation	9,178	8,308	17,486
Communities Economic Development Fund		30,349	30,349
Teachers' Retirement Allowances Fund Board	2,458	19,689	22,147
Civil Service Superannuation Board		27,391	27,391
Workers Compensation Board	19,243	3,329	22,572
Manitoba Hog Producers' Marketing Board	38,507*	38,507	77,014
Local Government Districts	2,564*	2,564	5,128
Manitoba Government Employees' Association	55,776*	55,777	111,553
Manitoba Housing and Renewal Corporation	12,358	206,300	218,658
Universities Grants Commission	6,026	9,863	15,889
Manitoba Centennial Centre Corporation	13,511	73,486	86,997
Manitoba Milk Producers' Marketing Board	26,999*	26,999	53,997
Housing Authorities	143,859*	140,764	284,623
Manitoba Water Services Board	15,275*	16,006	31,281
Manitoba Turkey Producers' Marketing Board	6,946*	7,903	14,849
Alcoholism Foundation of Manitoba	11,903	232,663	244,566
Manitoba Horse Racing Commission		8,347	8,347
Manitoba Data Services	8,851	291,169	300,020
Manitoba Research Council	52,128*	79,822	131,950
Manitoba Beef Commission	16,600*	16,600	33,200
Manitoba Lotteries and Gaming Control Commission		15,520	15,520
The Legal Aid Services Society of Manitoba		125,389	125,389
Manitoba Milk Prices Review Commission		90	90
Employees on Workers Compensation		4,084	4,084
Employees on loan	21,362	21,521	42,883
Repayment of contributions previously refunded		138,379	138,379
Payments based on prior non-pensionable employment		624,527	624,527
Payments based on war service	3,196	322,032	325,228
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements		428,007	428,007
Total payments and contributions, Exhibit B	$15,082,945	$38,093,901	$53,176,846

*Employers' contributions based on employees' remuneration.

Schedule 3

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Investment Income
for the year ended December 31, 1983
(with 1982 figures for comparison)

	1983	1982
Fixed Income, Note 1(b)(i)		
Interest	$ 41,643,036	$ 36,780,171
Amortization of discounts (premiums), net	550,408	614,932
Amortization of realized gains (losses)	21,948	—
Transfer to investment reserve, Exhibit C	—	(851,359)
	42,215,392	36,543,744
Equity Income, Notes 1(b)(ii) and (iii)		
Real estate dividends and interest	1,362,400	1,189,245
Other dividends and interest	1,114,883	593,223
Unrealized appraisal adjustments	1,080,201	—
Amortization of realized gains (losses)	28,219	677,987
	3,585,703	2,460,455
Total investment income, Exhibit B	$ 45,801,095	$ 39,004,199

Schedule 4 (Page 1)

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Administrative Expenses, Net
for year ended December 31, 1983
(with 1982 figures for comparison)

	1983	1982
Salaries and fringe benefits:		
Salaries — permanent staff	$ 500,973	$ 451,724
Salaries — part-time staff	2,619	1,442
Fringe benefits	23,932	16,328
Pensions paid — employer cost	14,480	15,245
Health and education tax levy	7,786	3,568
	549,790	488,307

Schedule 4 (Page 2)

Statement of Administrative Expenses, Net

Professional fees:		
Actuary — pension	76,194	22,676
Audit	26,900	27,800
	103,094	50,476
Computer related costs:		
Amortization of equipment	20,451	18,605
Amortization of program development expense	5,681	8,815
Maintenance and program licencing	9,899	18,249
Miscellaneous	375	657
	36,406	46,326
Printing and stationery:		
Microfilming	2,058	2,348
Photocopy service	3,675	3,871
Printing	7,360	13,455
Stationery and supplies	14,903	15,802
	27,996	35,476
Other:		
Bank and investments	13,059	20,929
Furniture and fixtures	4,097	3,793
Machine rentals and servicing	4,277	3,567
Medical examinations	3,449	2,396
Miscellaneous	9,304	8,362
Seminars and travelling	10,021	10,028
Telephone, postage and delivery	14,855	11,722
	59,062	60,797
	776,348	681,382
Less: Operating recoveries		
Public Service Group Insurance Fund administration	(56,442)	(51,778)
Municipal Employees Benefits Board administration	(20,165)	(33,729)
Civil Service Special Supplementary Severance Benefit Act administration, Note 5	(37,231)	—
Total administrative expenses, net, Exhibit B	$ 662,510	$ 595,875

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements for the year ended December 31, 1983

1. Significant Accounting Policies:

The significant accounting policies are summarized below:

(a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

(b) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Gains or losses on disposition before maturity are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments.

(ii) Equity investments:

Equity investments are recorded at cost plus a minor upward adjustment representing a proportionate share of a previous reserve for equity investments, which was discontinued effective January 1, 1977.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

(iii) Real estate equity investments:

Income from real estate equity investments, evidenced by

participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(iv) Investment reserve:

Effective January 1, 1983, the fixed income investment reserve was broadened to cover all investments. The broadened investment reserve was augmented by a $1,000,000 transfer from the reserve for present and future benefits. Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets will be transferred annually to the investment reserve from investment income to a maximum of the reserve not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the investment reserve.

(v) Foreign currency translation:

Investment transactions in foreign currency are translated to Canadian dollars and recorded at the rate of exchange prevailing at the dates of the transactions. Realized exchange gains or losses are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years.

(vi) Effects of changes in policy and comparability of 1982 figures:

The effects of the policy changes made effective January 1, 1983, if they were made applicable effective January 1, 1982, would have been as follows:

Charges of $1,835,346 to the fixed income investment reserve would have been cancelled, investment income for 1982 would have been reduced by $288,309 and unamortized losses of $1,547,037 would have been added to the value of investment assets as at December 31, 1982. The value of

equity investment assets would have been decreased by $542,390 as at December 31, 1982 and the investment income for 1982 would have been decreased by $542,390.

Market valuation adjustments that would have been required for 1982 would have required individual appraisal calculations of each of its equity investments as at December 31, 1982. This undertaking was not carried out on a retroactive basis but it is estimated that an 1982 adjustment would have been approximately comparable with the 1983 adjustment which increased the 1983 income by $1,080,201 and increased the value of equity investment assets as at December 31, 1983 by the same amount.

The 1982 comparative figures have not been restated by the aforementioned amounts and, therefore, to that extent they are not comparative.

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or any part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Computer:

Computer equipment and program development expenses are capitalized and are amortized on a straight line basis over six years.

(e) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' annual contributions are allocated to a superannuation adjustment account. Interest is allocated to the reserve on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures.

Effective July 1 of each year, cost-of-living superannuation adjustment payments are based on the lesser of the increase in the Consumer Price Index in the previous calendar year or the amount of the increase, as determined by an actuarial review, which could be paid without resulting in an unfunded liability in the adjustment account.

A 1982 amendment to the Civil Service Superannuation Act provided for the following special contributions to be credited to the superannuation adjustment account retroactive to December 31, 1981:

(i) on December 31, 1981, $1,391,100
(ii) on December 31, 1982, $1,565,600
(iii) on December 31, 1983, $1,767,400

(f) Actuarial report:

The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, an actuarial valuation and report is required every three years. An interim actuarial report on the Civil Service Superannuation Fund as at December 31, 1982, disclosed a surplus of $63,705,176 compared to a surplus of $7,027,817 as at December 31, 1980. The report indicates that the significant increase in the surplus arose from greater than expected investment earnings and a net improvement due to changes in expected future experience.

2. Future Obligations:

Amendments made to the Pension Benefits Act during 1983 require improvements, consisting of earlier protection of pension rights, enhanced survivor benefit provisions, and other changes to be made to pension funds progressively commencing with 1984 to 1990. At the request of the Board, the actuary established the cost to implement the aforementioned improvements based on a position as at December 31, 1982 to be $45,184,900.

3. Retired Employees of the Fund:

The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees amounted to $319,365 as at December 31, 1983.

4. Guarantee by the Province:

Under the Act, the Province of Manitoba guarantees that a certain rate of return which varies based on actuarial assumptions, will be earned on the assets of the Fund. Any deficiency in annual earnings is made up by the Province; however, no payments have been required to date.

5. The Civil Service Special Supplementary Severance Benefit Act:

The Civil Service Special Supplementary Severance Benefit Act was enacted to encourage voluntary early retirement during a "window" period from February 28, 1983 to June 30, 1983. The enhancements under the Act provided for elimination of the early retirement reduction of 1-1/2% per year prior to age 60 and the benefit formula was improved to include the average of the best 6 years earnings. A total of 488 employees (out of approximately 3,100 who were eligible) retired during the "window" period.

The employers were responsible for the total costs of the benefits paid that were in excess of the pension payable under the Civil Service Superannuation Act. The Board recovered $37,231 for additional administrative and counselling expenses incurred in respect of the "window" period. The additional actuarial liability due to the greater number of employees who retired earlier than they would otherwise was calculated by the Actuary to amount to $2,070,100 and is recoverable from the Government of Manitoba.

6. Investment in Subsidiary:

The Superannuation Resource Investment Corporation of Manitoba Inc., a wholly owned subsidiary of the Fund, was incorporated on May 30, 1983 for the purpose of participating in the energy resource sector on behalf of the Fund.

The Fund's investments shown in Schedule 1 include $1,195,100 recoverable advances provided by the Fund to the Corporation and an amount of $1 representing the capital stock issued by the Corporation. Net income resulting from the Corporation's operations is paid over to the Fund as a return on its investment. Proceeds from realization by the Corporation of its capital investments financed from advances is paid over to the Fund and applied against the advances.